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DOS and ARMY review(s) completed.

NEC REIFFING

7 DECIMEN 1955

CEINA PROBLEMS

1. Ambassador Lodge reports from the UK that, if Chikats use their veto sgainst Outer Mongolian admission to UK in current "package" deal, general mentiment in GA would favor ouster of

- II. Wesnwhile, ChiComs are bettering their international position on several fronts.
 - A. British have informed UN of intention (beginning 15 Jan) to effect unilateral relexation China trade controls, by "gradual and unobtrusive process" of withdrawing items from export control lists.
 - 1. UK move likely to result in parallel action by other countries.
 - B. ChiComs putting on big display "peaceful intentions" for benefit foreign visitors, improving recognition chances.

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2. Foreign Affairs Committee of French Assembly,

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diplomacy should proceed to take account of the fact of the existence of the Peking government."

- 3. On 6 Nec, we learned that Bruguay's Consul in Hong Kong is now on his way to Peiping, to discuss question of "relations."
- 4. If diplomatic relations established, united Western Hemispher front on non-recognition Pelping would suffer first split; other Latin American gov'ts might reassess position.
- III. Continuation of ChiCom talks with WS at Geneva also apparently enhancing ChiCom international position at expense ChiNats, and Peiping working at keeping talks alive.
 - A. Although ChiComs being stubborn, thusfar have not risked rupture.
 - B. US Ambassador Johnson feels latent (1 Dec) ChiCom counterproposal on US-proposed remunciation of force agreement "almost completely seets the position I have taken" (see Attachment & for language).

- C. Chinag Kai-shek and other Free Asian leaders have implied that continuation Geneva talks strengthen impression that US moving toward recognition Peiping.
- IV. Meanwhile, ChiCome continue to enhance military capabilities against Offshore Islands.
 - A. At least 5 of 9 (possibly 11) new air bases under construction along southeast China coast new considered ready for use.
 - R. Also building causeway to link mainland with Tateng Island in Amoy area, from which Communist artillery could reach any part of Big Quemoy.
 - c. G-2 estimate of ChiCom ground strength in Amoy aren recently increased from 77,000 to 86,000 (addition of field artillery division, anti-aircraft division).
 - 1. Enval strength near Foothow and Amoy still negligible, however.

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